

SANOMA

10/30/2025 22:30 EET

This is a translated version of the "Tuloskasvu kiihtyy ensi vuonna" report, published on 10/30/2025



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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Earnings growth will accelerate next year

Sanoma's Q3 operational performance was slightly better than we anticipated, and the upward revision of the current year's earnings guidance range met our expectations. We expect the company's earnings growth to accelerate next year as demand for Learning's materials increases and the benefits of its efficiency program emerge. We estimate that the company will also accelerate growth through acquisitions, and more information on these plans is expected to be provided at the CMD on November 25. We revise our target price to EUR 11.2 (was EUR 10.9), and reiterate our Accumulate recommendation for the share, which offers a good expected return with earnings growth.

Operationally, Q3 went quite well

The operational development of Sanoma's Q3 was slightly better than we anticipated. Despite a 4% decrease in revenue in line with our expectations, the company's operating EBIT before acquisition cost amortizations (172 MEUR) slightly exceeded the comparison period and our estimate. The earnings improvement was driven by Media Finland's better-than-expected performance, as it improved its profitability due to a more favorable revenue mix and a decrease in costs. We commented on the Q3 results earlier [here](#).

Guidance was specified as expected

In the report, Sanoma specified its guidance for this year in terms of both revenue and operating EBIT. Sanoma now estimates that its revenue for 2025 will be 1.29-1.31 BNEUR (was 1.28-1.33 BNEUR) and operating EBIT excl. PPA amortization to be 180-190 MEUR (was 170-190 MEUR). The earnings guidance specification was in line with what we outlined in our earnings preview.

We made only minor (0-1%) changes to our operational earnings estimates for the coming years after the Q3 report. Our 2025

operating EBIT (excl. PPA amortizations) estimate is 188 MEUR, so an upward revision of the earnings guidance is not out of the question later in the year. From next year onwards, we expect Sanoma's earnings growth to accelerate, driven by increased demand for learning materials and improved efficiency (2026e operating EBIT excl. PPA amortization 217 MEUR, 16.6% of revenue).

CMD is approaching

Sanoma will host a CMD next month (11/25), where it will present its growth plans for 2026-2030. With a strengthened profitability base and financial position, we believe the company will once again become more active on the M&A front than in the recent past. Thus, in addition to Learning's organic growth and the earnings improvement potential brought by the efficiency program, the company's plans for inorganic growth are at the core of the CMD. The company's current target of over 2 BNEUR revenue by 2030 necessitates, by our estimates, over 500 MEUR of inorganic revenue growth. Success in capital allocation is crucial to the investment story at the end of the decade.

Good expected return from earnings growth and dividend

We do not believe there is any upside in the 2025 earnings-based valuation of Sanoma's stock, as the adjusted P/E ratio is 19x and the corresponding adj. EV/EBITA is 13x. With the significant earnings growth of Learning, the corresponding valuation multiples for 2026-2027 fall to 14-13x and 11-10x, which we consider attractive. Thus, the expected return, consisting of earnings growth and an estimated dividend yield of around 4.5%, is good relative to Sanoma's moderate risk profile. This valuation is also supported by our updated cash flow model at EUR 11.3.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 11.30

(was EUR 10.90)

Share price:

EUR 10.60

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	1345	1308	1302	1342
growth-%	-3%	-3%	0%	3%
EBIT adj. ilman PPA	180	188	217	228
EBIT-% adj.	13.4 %	14.4 %	16.7 %	17.0 %
Net Income	40.5	27.2	115.7	128.0
EPS (adj.)	0.52	0.56	0.76	0.84
P/E (adj.)	14.9	19.1	14.1	12.7
P/B	2.0	3.0	2.8	2.6
Dividend yield-%	5.1 %	3.9 %	4.0 %	4.2 %
EV/EBIT (adj.)	13.8	15.6	13.1	11.9
EV/EBITDA	6.0	7.0	6.7	6.3
EV/S	1.5	1.8	1.8	1.7

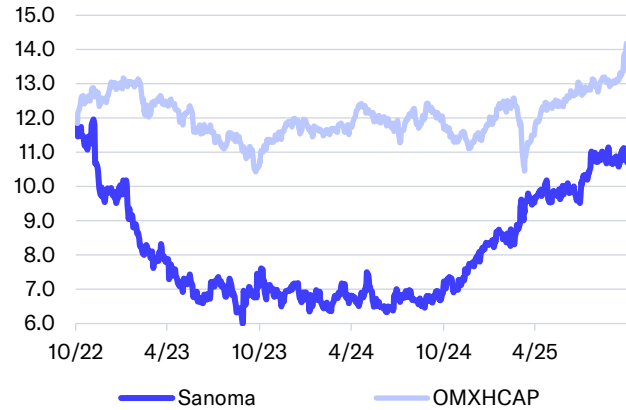
Source: Inderes

Guidance

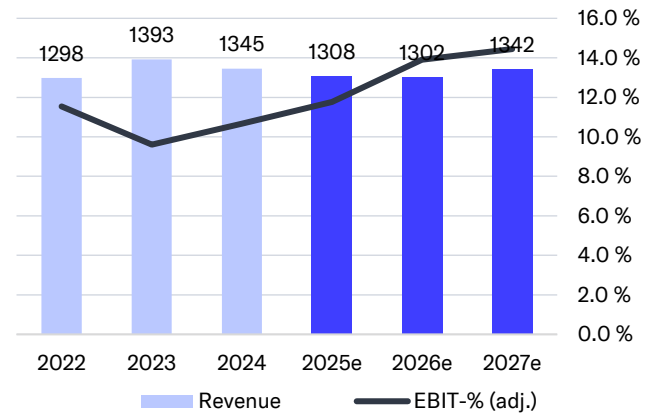
(Adjusted)

In 2025, Sanoma expects that the Group's reported revenue will be 1.29-1.31 BNEUR (2024: 1.34) and operating EBIT excl. PPA is expected to be 180-190 MEUR (2024: 180 MEUR).

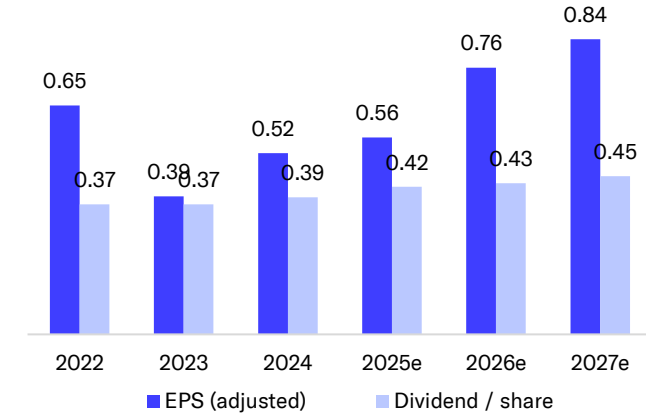
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Growth of digital revenue in the Media business
- Improved revenue structure with growth in digital income and Learning business
- The potential of profitability improvement from efficiency measures
- Synergy benefits from completed acquisitions

Risk factors

- The trend-like decline in print media
- Weakening competitive position, especially against global competitors
- Typical risks associated with acquisitions
- Risks related to general economic development
- Technology risks

Valuation	2025e	2026e	2027e
Share price	10.7	10.7	10.7
Number of shares, millions	164	164	164
Market cap	1750	1750	1750
EV	2403	2367	2313
P/E (adj.)	19.1	14.1	12.7
P/E	>100	15.3	13.7
P/B	3.0	2.8	2.6
P/S	1.3	1.3	1.3
EV/Sales	1.8	1.8	1.7
EV/EBITDA	7.0	6.7	6.3
EV/EBIT (adj.)	15.6	13.1	11.9
Payout ratio (%)	252.7 %	60.8 %	57.5 %
Dividend yield-%	3.9 %	4.0 %	4.2 %

Source: Inderes

Operationally, Q3 went quite well

Expected topline development

Learning's revenue decreased in Q3, in line with our expectations, by 5% from the comparison period. This particularly reflected the negative revenue development in the largest operating countries, the Netherlands and Poland. The decrease in Polish revenue stems from the contraction of the local market due to the timing of curriculum reforms, while the revenue in the Netherlands reflects the termination of distribution agreements with weak profitability. The impact of these has been greater than the observed decrease in revenue, and in other respects, the company has grown organically, accompanied by new product launches.

Media Finland's revenue also decreased by 4% in line with our expectations. This largely reflects a significant contraction in advertising revenue (-10%), which is due to the termination of the resale agreement for advertising on third-party TV channels. Without this impact, we estimate that advertising sales developed roughly in line with market

trends. The segment's overall development was balanced by subscription revenues accelerating to 4% growth, in line with the continued good performance of Ruutu+.

Operating result slightly better than expected, reported earnings weighed down by impairments

Sanoma's operating EBIT (excl. PPA amortizations) in Q3 was 172 MEUR, which exceeded our estimate by a small margin. This was due to Media Finland performing better than we expected, with its margin leaping by almost 2 pp from the comparison period (Q3'25 14.1% vs. 12.1% in Q3'24). This was influenced by a decrease in paper, printing and distribution costs, as well as growth in digital subscription revenue (Ruutu+). At the same time, Learning's development was well expected, as it achieved better profitability development than in the comparison period, partly due to the termination of distribution agreements. The sales mix shifting more towards digital sales also resulted in a decrease in paper and printing costs, and thus better profitability. Sanoma has decided not to participate in

distribution tenders in the Netherlands, which is why it made an impairment in Q3 in addition to the MF impairment reported in Learning. These items weighed on the reported earnings, but we believe abandoning the weakly performing business is a justified move. Sanoma's EPS adjusted for impairment was EUR 0.73 in Q3 as we expected.

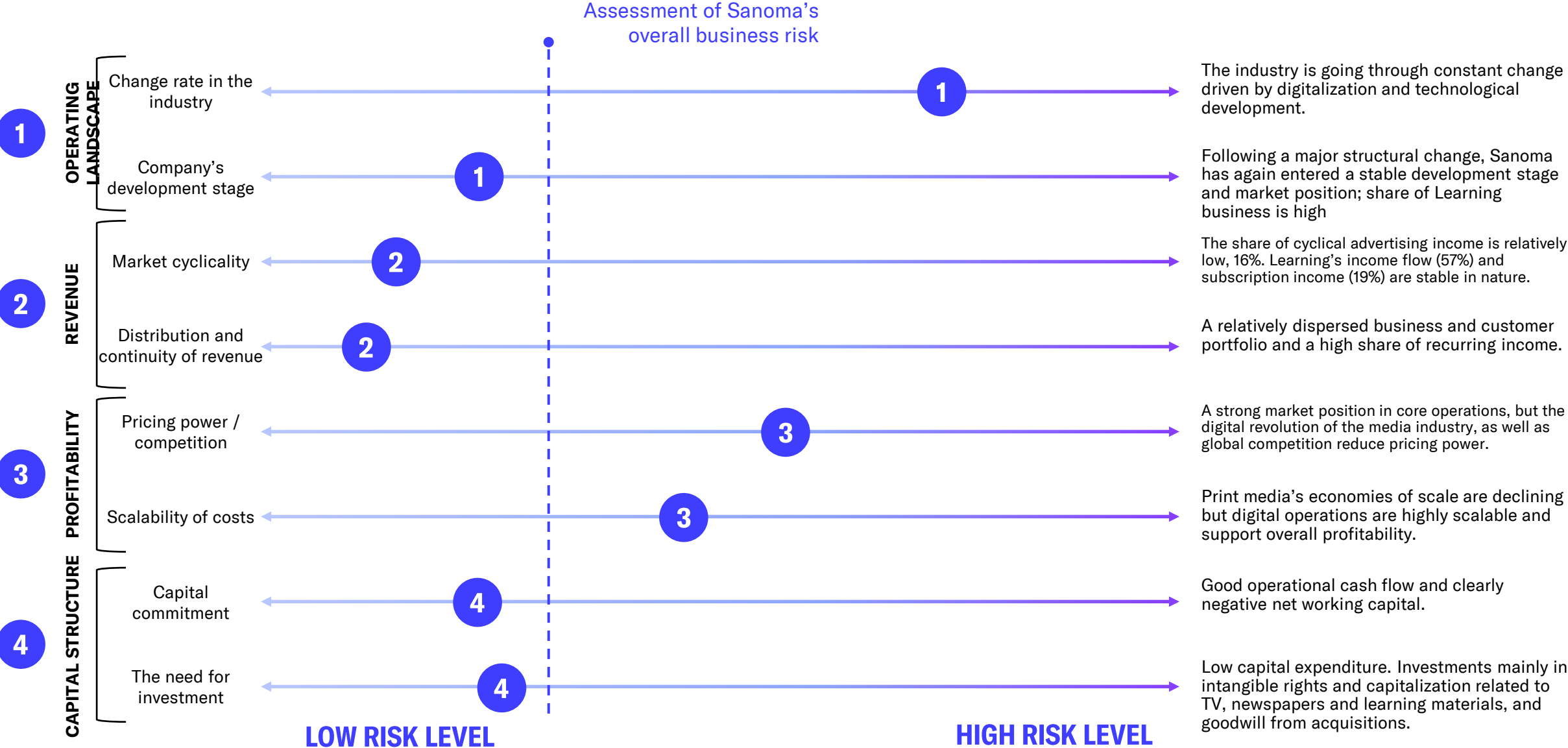
Free cash flow is rolling upwards as expected

In Q1-Q3'25, Sanoma generated cash flow from operating activities of 114 MEUR, while after ordinary organic investments, hybrid loan interest expenses, and lease liability payments, free cash flow was 51 MEUR (LTM 112 MEUR). Thus, Sanoma is progressing nicely with its guided improvement in free cash flow for the full year. Correspondingly, the company's financial position has strengthened (net debt/adj. EBITDA 2.0x at the end of Q3'25) and enables a more active approach to M&A in the future.

Estimates MEUR / EUR	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	540	516	517	514	505-521	0%	1308
EBIT (adj.) excl. PPA	170	172	168	167	164-169	3%	188
EBIT	117	82	153	144	121-156	-46%	61
PTP	108	-38	147	142	114-148	-126%	36
EPS (adj.)	0.75	0.73	0.73	0.72	0.71-0.74	1%	0.56
Revenue growth-%	-7.0 %	-4.5 %	-4.3 %	-4.8 %	-6.4 %--3.6 %	-0.2 pp	-2.8 %
EBIT-% (adj.) excl PPA	31.5 %	33.4 %	32.5 %	32.5 %	32.5 %-32.4 %	0.9 pp	14.4 %

Source: Inderes & Modular Finance
(consensus, 7 estimates)

Risk profile of the business



Investment profile

- 1 The Learning business is defensive and grows over time
- 2 Structural change in media decelerates organic growth, growth is sought through acquisitions especially in Learning
- 3 Reasonable operational risk level: strong market position, highly diversified income, modest share of cyclical income
- 4 Gearing has fallen to a moderate level, enabling inorganic growth
- 5 Cost inflation tests pricing power and efficiency measures

Potential

- Improving income defensiveness as the focus of business shifts increasingly towards the Learning business
- Growth in digital income and services
- Efficiency programs in both segments and profitability improvement potential
- Improved revenue structure with growth in the Learning business

Risks

- Failed acquisitions and integration of them
- Acceleration of the structural change in media and drop in print media
- Weakening competitive position especially against global competitors
- Risk related to technology and regulations

Guidance was specified as expected

Earnings guidance was specified as expected

Sanoma specified its guidance for this year in the Q3 report and now expects revenue to be 1.29–1.31 BNEUR (was 1.28-1.33 BNEUR) and operating EBIT excl. PPA to be 180-190 MEUR in 2025.

Our estimate before the Q3 report was at the upper end of the old guidance, so the revision to the earnings guidance in particular met our expectations.

Some fine-tuning to our estimates for this year

Following the Q3 results, we slightly lowered our revenue estimates for the current year in both segments, as we reviewed the impact of Learning's distribution agreements on full-year revenue and our estimate for the contraction of the Polish market in Q4. Correspondingly, in Media Finland, we cut our expectations for the advertising market to a stable level, as our previous slight growth expectations do not appear viable in the current operating environment.

In line with the Q3 earnings and our marginal estimate revisions, our estimate for 2025 operating EBIT before amortization of acquisition costs is 188 MEUR, which is at the very top end of the updated guidance. At the end of Q3, the company was 8 MEUR ahead of the previous year's earnings level (2024 operating EBIT excl. amortization of acquisition costs 180 MEUR), but it should be noted that the last quarter is relatively small in terms of earnings. Despite this, we still consider it possible that the company will exceed the upper end of its earnings guidance range, even though the (advertising) market does not seem to provide the necessary tailwind for an upward revision of the guidance, and this is not the base scenario of our estimates.

Earnings estimates for the coming years unchanged

We have significantly lowered our revenue estimates for the coming years in Learning, which reflects Sanoma's decision not to participate in certain distribution agreement

tenders in the Netherlands. Our understanding is that these have very low margins, i.e., abandoning them will have no impact on earnings. At the same time, we estimate that they have tied up some capital, and from this perspective, the discontinuation of this business is quite understandable.

However, the earnings growth outlook for the coming years remains unchanged, and we estimate Sanoma's earnings growth to accelerate next year. This is due to the growth in learning materials sales, especially thanks to market growth in Poland. With the Solar efficiency program, we believe this revenue growth will flow efficiently into Learning's earnings. In addition, smaller recent investments will reduce depreciation and strengthen earnings growth in the income statement (already visible in cash flow).

Estimate revisions MEUR / EUR	2025e	2025e	Change %	2026e	2026e	Change %	2027e	2027e	Change %
	Old	New		Old	New		Old	New	
Revenue	1315	1308	-1%	1366	1302	-5%	1394	1342	-4%
EBIT (excl. NRIs)	151	154	2%	181	181	0%	194	194	0%
EBIT	134	61	-55%	171	171	0%	184	184	0%
PTP	109	36.1	-67%	148	148	0%	163	163	0%
EPS (excl. NRIs)	0.57	0.56	-2%	0.76	0.76	0%	0.84	0.84	0%
DPS	0.42	0.42	0%	0.43	0.43	0%	0.45	0.45	0%

Source: Inderes

Sanoma Oyj, Q3'25



Good expected return from earnings growth & dividend

There is still upside in the valuation with next year's earnings improvement

With our 2025 estimates, the stock is valued at an adjusted P/E ratio of 20x, and the corresponding EV/EBITA ratio is good 13x. With the earnings improvement brought about by the Solar program, the corresponding 2026 multiples fall to lower levels of 14x and 11x.

In our view, the valuation multiples for this year are high, but next year's valuation multiples are clearly below the median levels of the previous five years (2020-2024 adj. P/E 18x and EV/EBITA ~ 14x). We do not consider the valuation level based on historical multiples justified now that, with the rise in interest rates, required returns are higher than in the zero-interest rate era, even though the relative weight of Learning, which warrants higher valuation multiples, has increased for the Group. However, the valuation multiples for the coming years are clearly lower than historical levels, and a good expected return from the current level does not require the multiples stretching to these historical levels, as earnings growth and strengthening cash flow act as drivers of the expected return. Thus, through absolute valuation multiples, the earnings-based valuation for the coming years has remained attractive in our view, even though the stock rally has narrowed the expected return, which is mainly driven by Learning's earnings improvement.

On a cash-flow basis, the valuation is still reasonable

The cash flow impacts of the Solar program come through before their impact on the income statement, which has been reflected in improved free cash flow. At the current share price, Sanoma's market cap is just over 1.7 billion, in

relation to which the LTM free cash flow implies a free cash flow yield of around 7%. This is a fairly warranted level considering Sanoma's risk profile, but through the contraction of investments and earnings improvement, we expect free cash flow to continue to grow, which makes the expected return increasingly attractive.

Dividend plays a key role in the expected return

Given the strengthening cash flow in the coming years and the current balance sheet position, we expect Sanoma to continue increasing its profit-sharing in the next few years, although it is also likely to more actively return to the M&A front in terms of capital allocation. With our estimates, Sanoma will offer an average dividend yield of good 4% in the coming years. Thus, we also estimate that the dividend yield will play a key role in the expected return for the coming years.

DCF calculation above current share price

Our updated DCF model indicates a share value of EUR 11.3. Due to the moderate and stable growth of Learning (excl. possible acquisitions), and the decline in print media, revenue reaches a slight growth of around 2% in our cash flow model estimates in the medium and long term. Our profitability estimates in our model rise significantly from the 2025e level of 14.2% (adj. EBIT-% excl. PPA amortizations) in the coming years, as the Solar program in particular strengthens Learning's profitability. In the longer term, however, our profitability forecasts are 13-14% and terminal profitability is 13.5%. Thus, we do not consider the cash flow model's profitability expectations to be too demanding, and in our opinion, the model supports our stance that there is still upside in the stock.

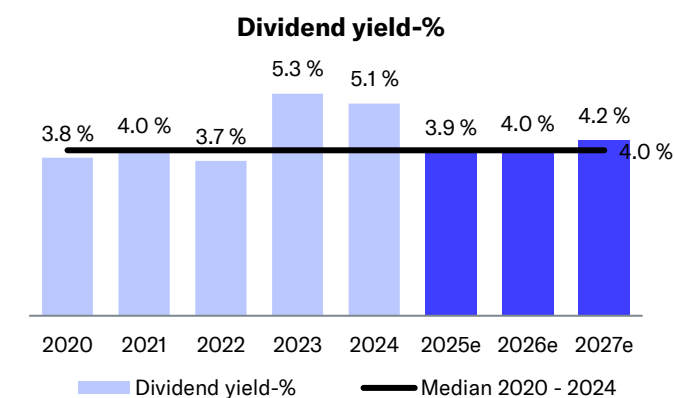
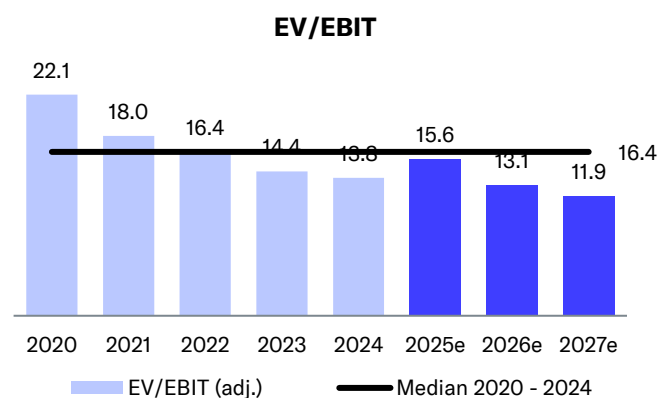
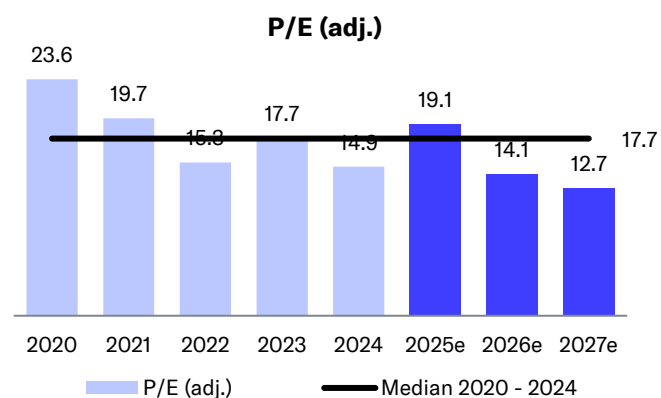
Valuation	2025e	2026e	2027e
Share price	10.7	10.7	10.7
Number of shares, millions	164	164	164
Market cap	1750	1750	1750
EV	2403	2367	2313
P/E (adj.)	19.1	14.1	12.7
P/E	>100	15.3	13.7
P/B	3.0	2.8	2.6
P/S	1.3	1.3	1.3
EV/Sales	1.8	1.8	1.7
EV/EBITDA	7.0	6.7	6.3
EV/EBIT (adj.)	15.6	13.1	11.9
Payout ratio (%)	252.7 %	60.8 %	57.5 %
Dividend yield-%	3.9 %	4.0 %	4.2 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	13.7	13.6	9.96	6.95	7.67	10.7	10.7	10.7	10.7
Number of shares, millions	163	163	163	163	164	164	164	164	164
Market cap	2240	2219	1625	1135	1254	1750	1750	1750	1750
EV	2951	2842	2453	1928	1974	2403	2367	2313	2250
P/E (adj.)	23.6	19.7	15.3	17.7	14.9	19.1	14.1	12.7	12.3
P/E	9.5	22.1	21.3	neg.	40.6	>100	15.3	13.7	13.2
P/B	3.2	3.1	2.3	1.8	2.0	3.0	2.8	2.6	2.4
P/S	2.1	1.8	1.3	0.8	0.9	1.3	1.3	1.3	1.3
EV/Sales	2.8	2.3	1.9	1.4	1.5	1.8	1.8	1.7	1.6
EV/EBITDA	6.6	8.1	7.5	6.7	6.0	7.0	6.7	6.3	6.0
EV/EBIT (adj.)	22.1	18.0	16.4	14.4	13.8	15.6	13.1	11.9	11.4
Payout ratio (%)	35.8 %	87.6 %	79.2 %	1948.7 %	157.6 %	252.7 %	60.8 %	57.5 %	56.8 %
Dividend yield-%	3.8 %	4.0 %	3.7 %	5.3 %	5.1 %	3.9 %	4.0 %	4.2 %	4.3 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Alma Media	1215	1375	17.0	15.4	13.7	12.7	4.2	4.1	20.7	18.1	3.2	3.3	4.8
Future PLC	714	1030	4.4	4.4	4.1	4.1	1.2	1.2	5.2	4.8	0.6	0.6	0.6
Gannett Co	517	1288	19.9	13.4	5.4	5.0	0.6	0.7		35.4			
ITV PLC	2999	3685	7.2	6.6	5.7	5.5	0.9	0.9	8.3	8.0	6.9	7.1	1.5
Lagardere SA	2678	7501	12.1	11.3	6.6	6.2	0.8	0.8	9.6	8.3	3.6	3.9	3.2
Arnoldo Mondadori Editore	548	820	8.9	8.6	5.2	5.1	0.9	0.9	8.5	8.3	7.2	7.9	0.8
News Corp	13282	13428	16.1	14.8	10.8	10.2	1.8	1.8	28.0	26.6	0.8	0.9	1.7
New York Times	7792	7330	18.4	16.6	15.5	14.2	3.1	2.9	23.7	22.1	1.2	1.4	4.4
Promotora de Informaciones SA	506	1192	10.8	9.9	6.5	6.1	1.2	1.2		37.5			
Prosiebensat 1 Media	1256	3165	16.0	11.0	7.4	6.4	0.8	0.8	6.1	6.6	1.9	2.5	0.9
Roularta Media Group	178	113	6.5	16.2	2.9	4.1	0.3	0.3	10.9	28.4	7.8	9.8	0.7
Bloomsbury Publishing PLC	456	471	10.3	9.5	8.1	7.9	1.2	1.3	13.1	12.0	3.1	3.3	1.9
Pearson PLC	7902	9172	13.3	12.3	10.0	9.4	2.3	2.1	17.4	15.7	2.3	2.7	1.8
John Wiley & Sons Inc	1683	2323	11.5	10.1	6.7	6.3	1.6	1.6	10.3	9.2	3.9	4.0	
Wilmington PLC	331	284	11.0	9.4	9.5	9.1	2.5	2.3	14.1	13.4	3.6	3.8	2.5
Chegg Inc	98	77		77.9	1.4	1.3	0.2	0.3		12.1			0.6
Sanoma (Inderes)	1750	2403	15.6	13.1	7.0	6.7	1.8	1.8	19.1	14.1	3.9	4.0	3.0
Average			12.2	15.5	7.5	7.1	1.5	1.4	13.5	16.7	3.5	3.9	2.0
Median			11.5	11.2	6.7	6.3	1.2	1.2	10.9	12.7	3.2	3.3	1.7
Diff-% to median			36%	17%	5%	8%	54%	49%	76%	11%	23%	21%	75%
Media peers													
Average			11.4	10.7	7.0	6.6	1.3	1.3	12.1	17.0			1.9
Median			12.1	11.3	6.5	6.1	0.9	0.9	9.6	18.1			1.5
Learning peers													
Average			11.5	23.8	7.1	6.8	1.5	1.5	13.7	12.5			1.7
Median			11.2	10.1	8.1	7.9	1.6	1.6	13.6	12.1			1.8

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	1393	221	342	540	241	1345	221	340	516	231	1308	1302	1342	1368
Media Finland	598	140	152	144	145	581	132	148	139	138	558	564	575	581
Learning	795	81	191	396	97	764	89	192	377	93	750	737	767	787
EBITDA	287	23	97	170	40	329	23	103	203	15	343	351	367	373
Depreciation	-235	-54	-54	-53	-87	-248	-54	-54	-121	-54	-282	-180	-182	-185
EBIT excl. NRI and PPA	175	-24	61	170	-27	180	-19	62	172	-27	188	217	228	230
EBIT (excl. NRI)	134	-33	52	161	-36	143	-28	53	164	-36	154	181	194	198
EBIT	52	-31	43	117	-47	82	-31	49	82	-39	61	171	184	188
Media Finland	33	6	12	16	7	41	7	11	19	6	42	45	48	49
Learning	114	-35	42	148	-38	117	-32	45	148	-38	123	153	164	167
NRI	-82	1	-8	-44	-11	-62	-4	-4	-83	-3	-93	-10	-10	-10
Other and eliminations	-13	-4	-3	-3	-5	-14	-3	-3	-2	-4	-12	-17	-18	-18
Net financial items	-31	-7	-11	-9	-7	-33	-6	-6	-6	-6	-25	-23	-21	-19
PTP	20	-38	33	108	-54	48	-38	43	76	-45	36	148	163	169
Taxes	-17	11	-8	-24	14	-8	9	-10	-18	10	-9	-33	-35	-36
Minority interest	-1	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	3.1	-28	24	84	-40	40	-28	33	57	-35	27	116	128	133
EPS (adj.)	0.39	-0.20	0.17	0.75	-0.20	0.52	-0.17	0.21	0.73	-0.21	0.56	0.76	0.84	0.87
EPS (rep.)	-0.03	-0.18	0.13	0.50	-0.26	0.19	-0.19	0.19	0.34	-0.23	0.11	0.70	0.78	0.81

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	7.3 %	1.5 %	0.3 %	-7.0 %	-4.8 %	-3.5 %	0.1 %	-0.8 %	-4.5 %	-4.4 %	-2.8 %	-0.5 %	3.1 %	1.9 %
Adjusted EBIT growth-%	-10.7 %	-19.2 %	20.7 %	-4.8 %	-2.6 %	7.1 %	-16.0 %	3.3 %	2.3 %	-0.1 %	7.4 %	17.6 %	7.1 %	1.9 %
Adjusted EBITDA-%		20.1 %	32.9 %	21.8 %	21.4 %	24.3 %	11.9 %	31.5 %	55.3 %	7.6 %	33.3 %	27.8 %	28.0 %	28.0 %
EBITDA-%	20.6 %	10.3 %	28.3 %	31.5 %	16.4 %	24.5 %	10.2 %	30.2 %	39.3 %	6.5 %	26.2 %	27.0 %	27.3 %	27.3 %
Adj. EBIT-% excl. PPA amortization	12.6 %	-10.8 %	17.9 %	31.5 %	-11.3 %	13.4 %	-8.5 %	18.3 %	33.4 %	-11.9 %	14.4 %	16.7 %	17.0 %	16.8 %
Adjusted EBIT-%	9.6 %	-14.9 %	15.1 %	29.8 %	-15.0 %	10.7 %	-12.5 %	15.7 %	31.9 %	-15.7 %	11.8 %	13.9 %	14.4 %	14.4 %
Net earnings-%	0.2 %	-12.5 %	7.1 %	15.5 %	-16.7 %	3.0 %	-12.9 %	9.7 %	11.1 %	-15.1 %	2.1 %	8.9 %	9.5 %	9.7 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	1643	1512	1437	1471	1501
Goodwill	812	810	761	761	761
Intangible assets	601	496	443	456	466
Tangible assets	185	161	188	209	229
Associated companies	4	4	4	4	4
Other investments	6	6	6	6	6
Other non-current assets	31	33	33	33	33
Deferred tax assets	6	4	4	4	4
Current assets	273	217	244	212	225
Inventories	54	45	39	39	40
Other current assets	14	9	9	9	9
Receivables	139	142	137	143	154
Cash and equivalents	66	21	58	20	21
Balance sheet total	2055	1879	1797	1762	1772

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	799	772	726	622	680
Share capital	71	71	71	71	71
Retained earnings	140	114	68	113	171
Hybrid bonds	149	149	149	0	0
Revaluation reserve	0	0	0	0	0
Other equity	436	436	436	436	436
Minorities	3	1	1	1	1
Non-current liabilities	499	583	611	675	624
Deferred tax liabilities	116	100	100	100	100
Provisions	2	5	5	5	5
Interest bearing debt	374	472	500	564	513
Convertibles	0	0	0	0	0
Other long term liabilities	7	7	7	7	7
Current liabilities	738	524	460	466	469
Interest bearing debt	331	118	60	71	69
Payables	242	239	233	228	232
Other current liabilities	165	167	167	167	167
Balance sheet total	2037	1879	1797	1762	1772

DCF-calculation

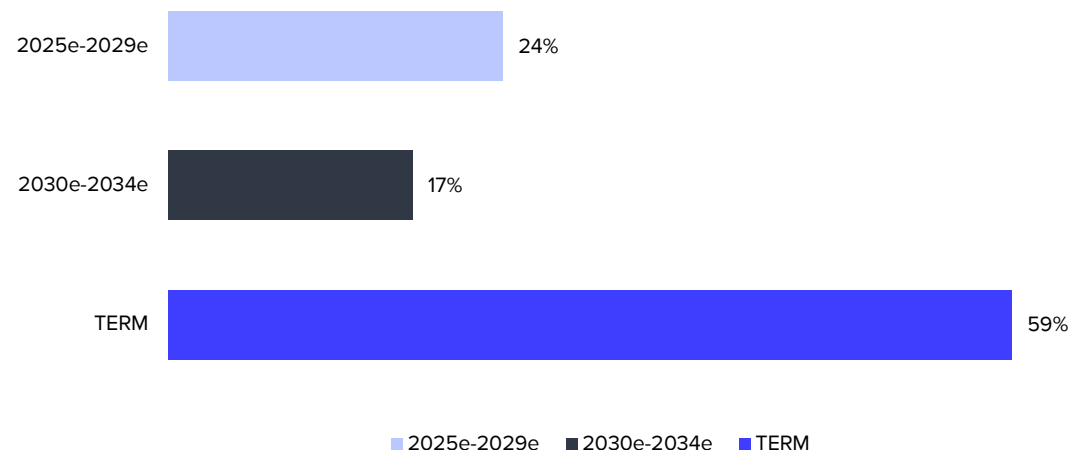
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-3.5 %	-2.8 %	-0.5 %	3.1 %	1.9 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	6.1 %	4.7 %	13.1 %	13.7 %	13.7 %	13.5 %	14.0 %	14.3 %	14.0 %	13.5 %	13.5 %	13.5 %
EBIT (operating profit)	81.8	60.8	171	184	188	188	199	208	207	204	208	
+ Depreciation	248	282	180	182	185	175	168	172	176	183	185	
- Paid taxes	-22	-9	-33	-35	-36	-37	-40	-42	-42	-42	-43	
- Tax, financial expenses	-3.4	-2.6	-5.0	-4.6	-4.1	-3.7	-3.3	-2.9	-2.5	-2.0	-1.6	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	11	4	-11	-8	-1	-1	-1	1	1	1	1	
Operating cash flow	315	335	303	319	332	322	324	336	340	344	349	
+ Change in other long-term liabilities	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-130	-173	-178	-179	-180	-182	-184	-186	-188	-190	-190	
Free operating cash flow	188	162	125	140	152	140	140	150	152	155	158	
+/- Other	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	188	162	125	140	152	140	140	150	152	155	158	3005
Discounted FCFF		160	115	120	121	104	96.9	96.5	91.3	86.4	83	1565
Sum of FCFF present value		2638	2478	2363	2243	2123	2013	1923	1825	1733	1647	1565
Enterprise value DCF		2638										
- Interest bearing debt		-739										
+ Cash and cash equivalents		21.1										
-Minorities		-3										
-Dividend/capital return		-64										
Equity value DCF		1855										
Equity value DCF per share		11.3										

WACC

Tax-% (WACC)	21.5 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.4 %
Weighted average cost of capital (WACC)	7.4 %

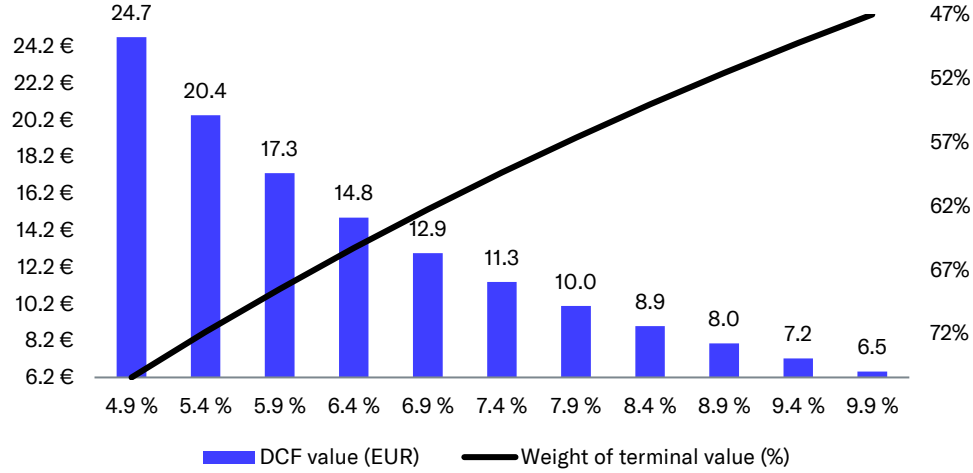
Source: Inderes

Cash flow distribution

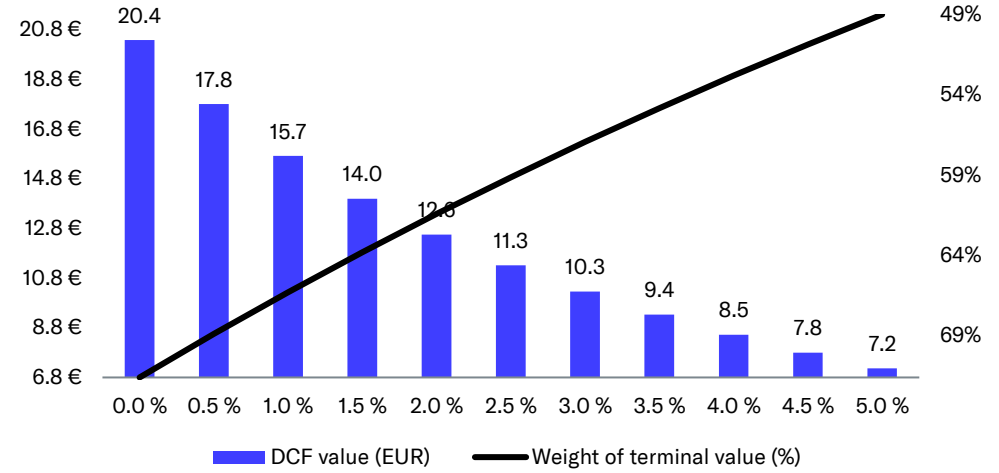


DCF sensitivity calculations and key assumptions in graphs

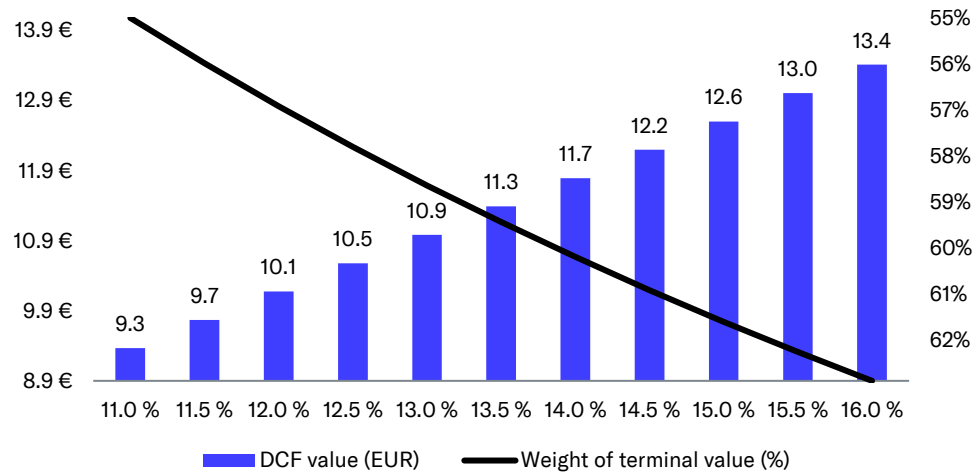
Sensitivity of DCF to changes in the WACC-%



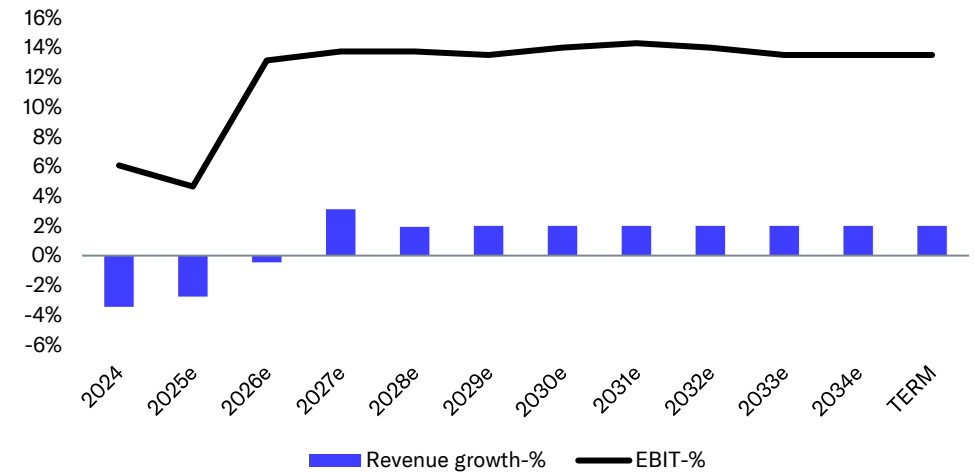
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. NB! The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	1298	1393	1345	1308	1302	EPS (reported)	0.47	-0.03	0.19	0.11	0.70
EBITDA	329	287	329	343	351	EPS (adj.)	0.65	0.39	0.52	0.56	0.76
EBIT	112	52	82	61	171	OCF / share	1.39	1.95	1.93	2.05	1.85
PTP	99	20	48	36	148	FCF / share	-0.83	0.59	1.15	0.99	0.76
Net Income	76.2	3.1	40.5	27.2	115.7	Book value / share	4.26	4.88	4.71	4.43	3.80
Extraordinary items	-37.9	-82.3	-61.5	-93.1	-10.0	Dividend / share	0.37	0.37	0.39	0.42	0.43
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	2104	2055	1879	1797	1762	Revenue growth-%	4%	7%	-3%	-3%	0%
Equity capital	702	799	772	726	622	EBITDA growth-%	-6%	-13%	15%	4%	2%
Goodwill	812	812	810	761	761	EBIT (adj.) growth-%	-5%	-11%	7%	7%	18%
Net debt	823	640	568	502	614	EPS (adj.) growth-%	-6%	-40%	31%	9%	35%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	25.3 %	20.6 %	24.5 %	26.2 %	27.0 %
EBITDA	329	287	329	343	351	EBIT (adj.)-%	11.5 %	9.6 %	10.7 %	11.8 %	13.9 %
Change in working capital	-69	54.8	11.3	3.5	-10.7	EBIT-%	8.6 %	3.7 %	6.1 %	4.7 %	13.1 %
Operating cash flow	227	318	315	335	303	ROE-%	10.8 %	0.4 %	5.2 %	3.6 %	17.2 %
CAPEX	-324	-221	-130	-173	-178	ROI-%	7.4 %	3.3 %	5.7 %	4.6 %	13.5 %
Free cash flow	-136	96	188	162	125	Equity ratio	35.8 %	42.0 %	45.0 %	43.8 %	38.3 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	117.3 %	80.0 %	73.7 %	69.2 %	98.7 %
EV/S	1.9	1.4	1.5	1.8	1.8						
EV/EBITDA	7.5	6.7	6.0	7.0	6.7						
EV/EBIT (adj.)	16.4	14.4	13.8	15.6	13.1						
P/E (adj.)	15.3	17.7	14.9	19.1	14.1						
P/B	2.3	1.8	2.0	3.0	2.8						
Dividend-%	3.7 %	5.3 %	5.1 %	3.9 %	4.0 %						

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/27/2020	Accumulate	10.00 €	9.30 €
10/20/2020	Reduce	12.50 €	12.84 €
10/30/2020	Reduce	12.50 €	12.48 €
12/9/2020	Reduce	13.00 €	13.38 €
2/11/2021	Reduce	15.00 €	15.95 €
4/12/2021	Reduce	15.00 €	14.56 €
5/3/2021	Accumulate	15.00 €	14.44 €
7/29/2021	Reduce	15.50 €	16.16 €
10/28/2021	Accumulate	15.50 €	14.34 €
2/14/2022	Accumulate	14.00 €	12.58 €
4/13/2022	Accumulate	14.00 €	12.26 €
5/2/2022	Accumulate	14.00 €	12.04 €
6/8/2022	Accumulate	14.00 €	13.18 €
7/26/2022	Reduce	14.00 €	14.76 €
7/28/2022	Reduce	14.00 €	13.80 €
10/28/2022	Reduce	11.50 €	12.16 €
1/10/2023	Reduce	10.00 €	9.96 €
2/13/2023	Reduce	9.50 €	9.48 €
5/2/2023	Accumulate	8.50 €	7.88 €
5/5/2023	Accumulate	8.00 €	7.29 €
7/24/2023	Accumulate	7.50 €	6.72 €
7/27/2023	Accumulate	7.50 €	7.21 €
10/27/2023	Reduce	7.50 €	7.45 €
1/22/2024	Reduce	7.00 €	6.76 €
2/7/2024	Accumulate	7.00 €	6.35 €
5/2/2024	Accumulate	7.00 €	6.73 €
5/8/2024	Accumulate	7.00 €	6.66 €
7/25/2024	Accumulate	7.00 €	6.74 €
11/1/2024	Accumulate	8.00 €	7.23 €
2/7/2025	Reduce	8.00 €	8.41 €
2/12/2025	Accumulate	9.00 €	8.41 €
4/1/2025	Accumulate	10.00 €	8.94 €
4/30/2025	Accumulate	10.50 €	9.55 €
7/31/2025	Accumulate	10.90 €	9.90 €
10/31/2025	Accumulate	11.30 €	10.70 €



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